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FOREIGN CROPS AND MARKETS

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Feature of Issue: COTTON

OLIVE CROP PROSPECTS IN THE MEDITERRANEAN BASIN.

Olive oil production for this season in the important producing countries of the Mediterranean Basin is expected to be about equal to or slightly above the production last season, according to a report from Consul Hale at Marseille, quoting an article of the Director of the District Organization of Oleiculture in "Le Reveil Agricole". Spain and Italy together are expected to produce about the same amount of olive oil they produced last year when their combined crops amounted to 1,050,651,000 pounds or over 70 per cent of the total Mediterranean Basin production. Details will be published in next week's issue.

CURRENT MARKET CONDITIONS

American Wiltshire sides were not quoted on the Liverpool market during the week ended November 3, but prices on Canadian bacon rallied to the highest point since September 29. Danish also showed a stronger tone. See page 655.

Foreign butter prices for the week ended November 4 were 12 cents under 92 score in New York. There are heavy stocks of colonial butter in British markets. See page 655.

The British apple market continues to be oversupplied, and Liverpool auction prices on November 3 declined further. Supplies of all barreled varieties are in excess of demand. See page 618.

English wools at Bradford are selling at levels somewhat under the Australian product. The market is rebuilding stocks of Australian wool at prices 10 per cent below September levels. See page 617.

WORLD COTTON SITUATION

An unusually large world crop of cotton, a large carryover, low prices with increased exports in the United States and the somewhat improved business outlook of foreign mills are the significant features of the present world cotton situation. Although world cotton consumption increased last year, production increased at a more rapid rate, accompanied by a downward movement in prices. Foreign purchases of American cotton have been larger so far this season than last, however, and the indications are that, if foreign market conditions continue to improve, exports of American cotton this season will continue to improve over those of 1925-26. See page 619.

C R O P A N D M A R K E T P R O S P E C T S

G R A I N S

From 70 to 75 per cent of the wheat and about the same percentage of the coarse grains had been threshed by October 25 in Manitoba according to the Canadian Pacific report. In Alberta 75 per cent of wheat and 65 per cent of coarse grains had been threshed while in Saskatchewan from 85 to 90 per cent of wheat and 80 per cent of coarse grains had been threshed.

The third week of dry weather is reported by the United States Weather Bureau for the Punjab section of India with a rainless week in the United Provinces also. The monsoon upon which the production of crops depends closed with the month of October having been mostly satisfactory during the season. Crop conditions are on the whole fair to good.

Weather in Argentina for the week ending November 1 was seasonable with moderate warmth and substantial showers. Rainfall averaged 0.7 inches in the north and 0.5 inches in the south which is more rain than has fallen in any one week since the last of August. The crops are still making good progress.

Excellent spring weather in Chile is favoring the crops throughout the agricultural areas according to a cable to the United States Department of Commerce dated October 25. Early reports of acreage sown show wheat the same as last year with 10 per cent increases in barley and oat areas.

Conditions are generally still favorable in Australia. Useful rains have fallen in Victoria, Southern New South Wales and Tasmania.

Fall sowings.

Rainy weather in France the third week of October improved the condition of the soil which had been too dry for fall plowing. The delay caused by the dry weather makes it doubtful whether a larger acreage will be sown to fall wheat this year than last, although it is still possible.

The amount of fall plowing done in Manitoba was below average for the time of year according to the Canadian Pacific Railroad in its report dated October 25. About 20 per cent has been done in the whole province. Fall rye seeding is under way in many sections of Saskatchewan. The ground contains plenty of moisture for germination and the seed used is good. In Alberta from 10 to 15 per cent of fall plowing has been done.

United States grain movement and prices

Wheat ground in the United States, as reported by the Census for September is larger than for any month since October, 1924. Since the first of July, according to the Census, about 159,000,000 bushels have been ground in commercial mills as compared with 145,000,000 bushels last year and 157,000,000 bushels in 1924. The grindings in the first three months of 1924 amounted to 28% for the year.

C R O P A N D M A R K E T P R O S P E C T S , C O N T ' D

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United States exports of wheat, including flour, to October 30 have amounted to more than 106 million bushels as compared with 44 million bushels last year, and 122 million in 1924. Of the 91,000,000 bushels of wheat alone which have gone out since July 1, 23 per cent went to the United Kingdom, 5 per cent to Italy, and 44 cent to other European countries, or about 75 per cent to Europe as a whole. For the same period last year 67 per cent of the wheat exported went to Europe. Though the exports of wheat have been so much larger this year than last, the exports of wheat flour to date have been slightly smaller.

In 1922, when the wheat crop was not much larger than it was this year, nearly 52 per cent of it was exported during the first four months. If the same percentage of the present crop has been exported during the past four months, the exports by the end of the year would amount to about 205 million bushels. In 1924, when the production and stocks were also slightly larger than those of the present year, 47 per cent of the exports were made during the first four months. If the same percentage has gone out so far this year, there would be 225 million bushels exported by the end of the year.

The trend of wheat prices has been downward since October 22. December futures at Chicago declined in that period from \$1.45-1/2 to \$1.40-3/4 on November 4th. A similar decline has occurred in foreign markets. The spread between December futures at Chicago and Liverpool on September 10, 1926 was 18 cents in favor of Liverpool and 30 cents in favor of Liverpool on October 29, while the spread in May futures at these markets only increased 1 cent for the same period, it being 10 cents on September 10 and 11 cents on October 29.

The average cash price of wheat in the United States during the last week in October was 7¢ below the average for the same period last year, only the price of Durum being higher than last year. Amber Durum No 3 at Minneapolis averaged \$1.61 as compared with \$1.37 last year. No 2 Red Winter at St. Louis was 29¢ below that of last year and No 2 Hard Winter at Kansas City 19¢ below, while No 2 Dark Northern Spring at Minneapolis was only 10¢ below that of last year. While December futures at Chicago continue the same level at last year the May futures are higher and both December and May futures at Winnipeg and Liverpool are considerably above last year. December futures on October 29 at Winnipeg were 15¢ above that of October 30 last year and at Liverpool 23¢ above. The cash closing price for No 1 Dark Northern Spring at Minneapolis and Northern Spring at Winnipeg are about the same whereas last year the Minneapolis price was 27¢ higher than the Winnipeg price.

The price of rye, like the price of Durum, has risen considerably above the price last year, reflecting the reduction in the rye crop both of the United States and of Europe. The average price of rye at Chicago for the last week of October was \$1.02 compared with 84¢ last year.

CROP AND MARKET PROSPECTS, CONT'D

The average price of corn for the last week of October was 6¢ under last year. Oats on the other hand averaged higher than last year by 4¢ per bushel for all classes and grades at the five markets. Barley prices at Minneapolis rose in the latter half of October to a level with prices last year. The price of flaxseed also increased, but is still less than last year being \$2.23 per bushel compared with \$2.58.

Canadian grain movement

Stocks of wheat in store at Fort William-Port Arthur on October 29 were 25 2/3 million bushels as compared with 13 3/4 million bushels last year.

The movement of Canadian grain, while still slower than last year, has been gaining somewhat during the last three weeks. Receipts at country elevators and platform loadings since the first of August have amounted to 139 million bushels as compared with 141 million bushels last year. Receipts at Fort William-Port Arthur for the past three months have been 80 per cent of what they were for the same period last year, shipments from Fort William-Port Arthur 83 per cent as much, receipts at Vancouver 80 per cent as much, and shipments from Vancouver only 36 per cent as much.

The visible supply of wheat in Canada on October 29 was 2 per cent greater than for the same date last year, rye was 42 per cent greater, flaxseed 23 per cent greater, while the stocks of barley and oats were 16 per cent and 33 per cent smaller, respectively.

The sudden demand for ocean tonnage occasioned by the continuance of the British coal strike into the fall months may seriously affect shipments of Canadian grain according to Consul General Albert Halstead of Montreal. Ordinarily most of the Canadian grain shipments are carried in tramp steamers, but with the prospect of a winter coal shortage in Great Britain, hundreds of these vessels are being chartered to carry coal to British ports from America and the Continent. In one week in September it is reported that 200 such ships were chartered as coal carriers at rates up to \$7.30 a ton.

Movement of Russian grain

Russian exports of wheat through the Bosphorus for the week ending October 29 amounted to about 1,450,000 bushels, slightly more than those of the previous week. The exports for the three months beginning August 1, 1926, were five-sixths of those for the same period last year, or about 8,100,000 bushels as compared with 9,800,000.

Shipments of barley this week have amounted to 1,550,000 bushels, the largest amount shipped during any week of the present season, except that of October 8. The eight million bushels shipped during the first three months have been less than 60 per cent of the amount for the same period last year.

CROP AND MARKET PROSPECTS, CONT'D

Exports of corn and oats continue very light, though the exports of corn for the past three months have been more than five times as large as for the same period last year. While the exports of rye for the past three months have been less than a third of those for the same period last year, the exports of 280,000 bushels for the week ending October 29 have been greater than for any other week this season.

Southern Hemisphere and India wheat exports

Exports of wheat from Argentina have been heavier during the week ending October 29 than for any week since early in the summer. Exports from Australia, on the other hand, have been lighter than for most of season. Exports from British India also continue very light.

Summary tables on grain acreage and production appear on pages 652 and 653.

COTTON

A cable to the United States Weather Bureau, dated October 30 states that the monsoon has been largely satisfactory this season in India and that crop conditions at the close of the monsoon season are, on the whole, fair to good. Weather in the Punjab was dry during the week preceding the date of the cable and cotton pests were appearing in some sections of the province. In Bombay conditions were favorable except in parts. The United Provinces had a rainless week but crops were good. Bihar and Orissa had some light rainfall while Assam was reported to be dry to seasonable, with crop conditions fair. In Madras, there was fair to moderate rainfall and crops were fair. Conditions in the Central Provinces were good and in Bengal, crops were fair except in flooded areas.

Warm, dry weather prevailed throughout the north and central part of the Brazilian cotton growing zone during the last 10 days of September, according to the Meteorological Service of the Brazilian Ministry of Agriculture, as reported by Consul Wilson at Rio de Janeiro. The south was favored by irregular rainfall and milder weather. Land in the central and southern states is being prepared for the next crop while planting is already under way in Sao Paulo.

Cotton acreage will probably be reduced in Peru for this season, according to a report received from Consul Makinson at Callao-Lima. Last season's crop was large and of superior grade but the price received for the Tanguis variety, which represents about 85 per cent of the total cotton production, was said to be below the cost of production even on the best managed estates in the most favorably situated valleys. Last year's crop is estimated at about 200,000 bales of 500 pounds.

C R O P A N D M A R K E T P R O S P E C T S , C O N T ' D

Crop conditions in the Mexicali district of Mexico are generally favorable, according to a report from Consul Bohr at Mexicali. Ginnings up to October 3 amounted to 13,969 bales or about 1,500 bales more than for the same period last year.

Prospects based upon recent conditions indicate an average cotton crop in China for this season, according to local cotton merchants, states Commercial Attache Julian Arnold at Shanghai. For additional cotton material, see page 619.

SUGAR

A revised estimate by Dr. Gustav Mikusch of Vienna places the 1926-27 European beet sugar crop at 7,949,000 short tons as compared with his earlier estimates of 8,029,000 short tons. The decrease is accounted for by a reduction of 110,000 short tons in the estimate for Czechoslovakia and 188,000 short tons in the Russian crop estimate. The estimate for Germany is increased from 1,736,000 short tons to 1,874,000 which brings it a little closer to Licht's September estimate of 1,924,000 short tons but is 7.6 per cent greater than the estimate of 1,741,000 short tons reported by the International Institute of Agriculture at Rome.

The sugar cane districts of Trinidad are again suffering from attacks of the froghopper, an insect pest, according to a report of October 13 from Consul Henry D. Baker at Trinidad. Sugar planters are rather pessimistic as to the outturn of the crop since wide areas of cane look withered and dead as a result of the pest. As harvesting of the cane crop does not usually begin until in January there is still opportunity for recovery, of the cane. Consul Baker states that in spite of the losses last year in the early part of the season, the crop later on showed considerable recovery and the final output proved to be the largest on record. However, the increase was partly due to the increased acreage devoted to cane since much of the cocoa land had been given over to cane production.

Australia exporting sugar

Shipments of sugar from Queensland ports commenced early in September, according to E. G. Babbitt, Trade Commissioner at Sydney. It is expected that between 65,000 and 70,000 short tons will be available for export this season. Exports for the season 1924-25, detailed figures for which have only recently been received, amounted to about 90,000 short tons. Of this about 70,000 short tons was exported to the United Kingdom, 13,500 short tons to Canada and 5,500 short tons to New Zealand, with a small remainder going to other islands of the Pacific Ocean.

L I V E S T O C K , M E A T A N D W O O L

Hogs and pork

LARGER LONDON PORK SUPPLIES: Larger quantities of pork were handled by the London Central Markets during October 1926 than during the preceding month or a year ago, according to preliminary figures cabled by E. A. Foley, American Agricultural Commissioner at London. At 7,510,000 pounds, supplies of British and Irish pork were the largest recorded in recent years. Continental supplies reached 269,000 pounds in October, showing a slight gain over September. The meat quarantine is still effective, however, so that continental supplies are still far below normal. Stocks of refined lard at Liverpool on October 31, at 9,892,000 pounds, were somewhat under the September 30 figure but about equal to last year. Liverpool stocks of bacon, hams and shoulders on the same date reached 9,205 boxes, a decrease of about 1,600 boxes below September 30, but a substantial increase over last year.

Cattle and beef

CATTLE SLAUGHTERINGS IN ARGENTINA 1926: Cattle slaughterings in freezing and chilling plants in Argentina are still below last year. For the first 9 months of this year the number of cattle slaughtered amounted to 2,275,000, a decrease of 11 per cent compared with 2,557,000 slaughtered last year.

Sheep and wool

THE BRADFORD WOOL TRADE: The Bradford trade is replenishing its stocks of Australian wool at prices about 10 per cent below September, according to a cablegram from Agricultural Commissioner Foley, quoting Consul Thompson at Bradford. Prices of English wool are slightly lower. A small amount of buying is being consummated at 94¢ per pound for 64's and 59¢ for 40's prepared. The demand for yarn and piecegoods is disappointing. In Huddersfield, however, worsted fabric production is improving. The number of unemployed in the wool textile industry in the United Kingdom has increased from 13,504 on May 1 the date of the coal strike, to 31,290 on September 1.

TURKISH MOHAIR IN STRONG POSITION: September sales of mohair in Constantinople amounted to about 12,000 bags (of 200 pounds) and prices closed very firm, according to the Wool Record and Textile World of October 14, quoting the October issue of the Journal of the British Chamber of Commerce of Turkey and the Balkan States. The sales in September were a record for 1926 and almost a record since the war. Holders of mohair have sold since the first of the year no less than 37,000 bags as against total sales of 14,000 bags in 1925. Stocks in the open market in Bradford are quite negligible while there are perhaps 10,000 bags in Constantinople and a similar quantity at the utmost in the interior. Of these 20,000 bags, one-third at least may be eliminated as not available as it is expected that 6,000 to 7,000 bags will be carried forward to the next clip.

FOREIGN CUTTER PRICES DECLINE FURTHER

On November 4 the Copenhagen official quotation, equivalent to 36.4 cents, was again lower than 92 score in New York by just the amount of the import duty of 12 cents per pound. Best unsalted New Zealand butter sold in London on November 5 at 36.5 cents against 48.5 cents in New York for 92 score butter, while salted New Zealand and Australian butter in London was quoted at an average of 31 cents. The latter is the result largely of storage of the considerable quantities of colonial butters. A detailed statement of quotations in principal foreign markets appears on page 655.

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F R U I T, V E G E T A B L E S A N D N U T S

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THE BRITISH APPLE MARKET: Prices paid for American apples on the Liverpool auction for November 3 show a continuation of the downward tendency in evidence during the past month, according to quotations cabled by Mr. Edwin Smith, the Department's Fruit Specialist in Europe. The British market in general is glutted with apples. Supplies of all barreled varieties are in excess of demand. The demand during the auction was slow both for boxed and barreled varieties. Exports of apples from the United States to the United Kingdom during August and September of 1926 amounted to 336,000 barrels and 428,000 boxes as compared with 281,000 barrels and 295,000 boxes during the corresponding months last year. Exports to all foreign markets during the first two months of the current season amounted to 400,00 barrels and 819,000 boxes as against 326,000 barrels and 544,000 boxes during the corresponding period last season.

CANADA DEVELOPING FOREIGN MARKETS FOR APPLES: The Canadian Department of Trade and Commerce has for some time been interesting itself in the possibility of creating a better demand for Canadian apples in foreign countries. Negotiations are now under way with shipping companies to obtain space on refrigerator vessels touching at South American ports, says Consul Harold S. Tewell at Vancouver, B. C. Arrangements have already been made for a trial shipment of British Columbian apples to Buenos Aires. Opportunities afforded by the Mexican market are also to be investigated, the proposal being to ship apples to Mazatlan, on the west coast of Mexico, from which point they could be distributed to the interior. It has been decided that the fruit trade between Canada and Latin America should be handled as far as possible by steamers under Canadian control.

A new market for British Columbian apples is reported to have been found in India as the result of the activities of the Canadian Trade Commissioner at Calcutta. A small trial shipment of McIntosh Reds, Delicious and Newtowns forwarded last year received very favorable comment and larger shipments are being made this year. Canadian apples, however, are not permitted to enter Japan this year because of the fact that a trial shipment last year was discovered on arrival to be infested with insect pests.

FRUIT, VEGETABLES AND NUTS, CONT'D.

SMALLER SHIPMENTS OF PORTO RICAN GRAPEFRUIT EXPECTED: The shipments of grapefruit from Porto Rico are expected to amount to about 690,000 boxes during the present season, according to a report just received from Mr. H. C. Henriksen of the Porto Rico Agricultural Experiment Station. This figure was arrived at after circularizing the grapefruit producers of the Island. The actual shipments during 1925-26 amounted to 809,000 boxes. Of the total shipments this year the growers expect to ship 300,000 boxes before November 1, about 240,000 boxes between November 1 and May 1, and the remainder between May 1 and July 1.

LOW OLIVE CROP IN PORTUGAL: The olive crop of Portugal for the current season will be a partial failure, the production being estimated at not more than 11,000 short tons or only about one-third of the normal production, says Consul General W. S. Hollis at Lisbon. To make up this deficiency, it will be necessary to import Spanish or other olive oil during the next twelve months. The normal average production of olive oil in Portugal is stated by the Central Portuguese Agricultural Association to be 7,925,000 gallons per annum.

FRENCH WALNUT CROP POOR: The 1926 walnut crop of the Grenoble district of France is now estimated at not more than 50,000 sacks of 25 kilos each (2,755,750 pounds), according to a report from Consul Watson at Lyon. The shortage for the district is reported to be chiefly in Mayettes while Parisiennes and Franquettes will probably produce a two-thirds crop, the Consul states. The production of Chabertes is expected to prove smaller than previously estimated. Reports from the Isere, the Drome, the Alpes and the Savoie indicate that it will not greatly exceed one-third of the 1925 crop. All three varieties of the Grenoble crop are small, this being especially so in the case of Mayettes. The crop is later than usual.

THE WORLD COTTON SITUATION

An unusually large world crop of cotton, a large carryover from last year, low prices with increased exports from the United States and the somewhat improved business outlook of foreign mills are significant features of the present world cotton situation. Owing to the increase in the crop of the United States, this year's world's cotton crop promises to be larger than that of last year which was a record crop. The world's consumption of cotton last year was greater than in any previous year but it was not equal to production, thus leaving a large carryover for this year. The trend of both production and consumption was definitely upward before the war which interrupted the trend for a time but that trend has been resumed since 1921. Production, however, has increased so much more rapidly than consumption that large stocks of raw cotton have been built up. Noting the rate of increase and variations in

THE WORLD COTTON SITUATION, CONT'D

consumption, it is apparent that consumption this year is not likely to be great enough to take care of the crop being produced, so that stocks may be greater at the end of this year than at the beginning which calls for a halt in the expansion of cotton production.

The increased exports from the United States for the first three months of the year indicate that foreign consumers are taking advantage of the decline in price to secure larger stocks of raw cotton. Purchases by all the important consumers of American cotton have made material gains over last season, notably Italy, Russia and Japan. Poland also shows marked improvement in textile activity. The abundant supplies, however, have caused purchasers to watch prices carefully, the continued downward trend having held commitments in check somewhat with the expectation of new low levels. The indications are that, granted a continuation of the more or less irregular improvement in foreign market conditions, exports of American cotton this season will continue to increase over those of 1925-26.

Since 1870, the United States has produced fifteen record crops, the largest crop preceding the current season occurring in 1914. A comparison between these 15 crops and exports during the same years reveals the fact that in years of record crops, we have had record exports from the United States, except in two years, 1898 and 1914, the latter being the first world war year.

The explanation of this tendency for record crops to be associated with record exports, is to be found in the fact that domestic consumption cannot be increased in the same proportion that the crop increases. The balance of the crop either increases domestic carryover or is exported. On the average, changes in crops are reflected more in exports than in either domestic consumption or domestic carryover but the unusually low prices in years of large crops tend to increase stocks both in the United States and abroad.

If the exports during these years of record crops are expressed as percentages of total production, it appears that approximately 66 per cent of such a crop is exported. In 1914 the percentage was under 62, the only year since 1875 to go so far under 66 per cent. If this average of 66 per cent holds again this year, exports would exceed the 11,000,000 bales exported in 1911. Last year, however, with nearly a record crop, exports were only 50 per cent of the production, or 8,000,000 bales. The exports of record crops may further be compared with the exports of the preceding year. Again, in all fifteen cases except two, 1898 and 1914, the record crop year exports exceed those of the preceding year.

Whether this year's record crop will also result in record exports will depend on business conditions abroad, on the rate at which the heavy carryover (3,547,000 bales as of August 1) from last year's large crop is being consumed and on the course of prices during this season. Usually in years of large

THE WORLD COTTON SITUATION, CONT'D

crops the price of raw cotton remains low through the fall months, their course after the first of the year depending in part on the expected outcome of the next crop. Evidences of another large crop for the next fall have tended to keep prices during the last half of the season from rising above those of the first half, while evidences of a succeeding small crop have tended to produce higher prices during the last than during the first half of the season. The present situation would justify the expectation of a smaller crop next year, but this in itself would not warrant the belief that prices during January - June, 1927 will be much higher than the present level. The large carryover from last year's production, which will be increased by this year's crop, may have the same influence in prices next spring as would the prospect of another large crop. On the other hand any unusual and effective campaign to hold cotton off the market and to reduce production next year might stimulate prices upward sooner than would normally be the case during a year of record production.

COTTON: Exports from United States in years of record crops and in preceding years, 1875 to 1914

Year of record crop with preceding year	Production	Exports	Per cent exports were of production
	<u>1,000 bales</u>	<u>1,000 bales</u>	<u>per cent</u>
1874-1874.....	3,941	2,521	64.0
a/1875.....	a/5,123	a/2,983	a/58.2
1877.....	4,370	3,215	73.6
a/1878.....	a/5,244	a/3,257	a/62.1
a/1879.....	a/5,755	a/3,644	a/63.3
a/1880.....	a/6,343	a/4,382	a/69.1
1881.....	5,456	3,481	63.8
a/1882.....	a/6,957	a/4,576	a/65.8
1883.....	5,446	4,339	67.3
a/1887.....	a/7,020	a/4,529	a/64.5
1888.....	6,941	4,770	68.7
a/1889.....	a/7,473	a/4,944	a/66.2
a/1890.....	a/8,674	a/5,815	a/67.0
a/1891.....	a/9,018	a/5,870	a/65.1
1893.....	7,493	5,367	71.6
a/1894.....	a/9,476	a/7,035	a/74.2
1896.....	8,533	3,208	72.8
a/1897.....	a/10,896	a/7,726	a/70.9
a/1898.....	a/11,189	a/7,575	a/67.7
1903.....	9,851	6,180	62.7
a/1904.....	a/13,458	a/8,673	a/64.6
1910.....	11,309	2,038	69.5
a/1911.....	a/15,393	a/11,070	a/70.5
1913.....	12,156	9,522	67.3
a/1914.....	a/16,125	a/8,807	a/54.6

Division of Statistical and Historical Research .
a/ Indicates year of record crop.

THE WORLD COTTON SITUATION, CONT'D

COTTON: World production, consumption and carryover 1909-10 to 1925-26

Year	Production a/		Consumption b/	Carryover c/ at end of season
	Estimated world	China		
	total excl. China 1,000 bales	1,000 bales	1,000 bales	1,000 bales
1909-10	16,798	--	d/ 18,321	4,732
1910-11	18,456	--	d/ 19,013	4,845
1911-12	21,986	--	d/ 20,587	6,309
1912-13	21,189	--	d/ 21,542	6,463
1913-14	22,345	--	d/ 21,223	7,519
1914-15	24,270	--	d/ 19,761	8,352
1915-16	17,750	--	d/ 21,011	5,379
1916-17	18,371	1,534	d/ 20,180	4,477
1917-18	17,655	2,092	d/ 17,701	4,163
1918-19	17,625	3,053	d/ 15,970	5,336
1919-20	18,732	2,599	e/ 19,300	5,770
1920-21	19,101	1,883	e/ 16,905	6,980
1921-22	13,922	1,517	e/ 19,990	7,102
1922-23	16,982	2,318	e/ 21,325	6,103
1923-24	17,607	1,993	e/ 19,982	6,137
1924-25	22,621	2,179	e/ 22,640	6,932
1925-26	25,786	2,114	e/f/ 24,681	7,665

Sources: World production, International Institute of Agriculture and Official sources where available. Consumption from the Bureau of the Census. Carryover from Commercial and Financial Chronicle. a/ Bales of 478 pounds net. b/ Includes linters. c/ Visible and invisible supply as estimated by the Commercial and Financial Chronicle. Bales of 500 pounds net. d/ Bales of 500 pounds net. e/ Bales of 478 pounds except American which are in running bales. f/ International Federation of Master Cotton Spinners' estimate, in running bales. The Federation figure for 1924-25 was 23,294,000 running bales.

Cotton Supply and Distribution in the United States

The most significant factors to be noted in the table on page 624 are:

- (1) The expansion of production under boll weevil conditions from 1921 to date, and (2) The upward trend in consumption in the United States.

It is of interest to note that the large crop of last year was only slightly larger than the crops of 1911 and 1914 (excluding linters). The recovery from boll weevil damage has until this year, therefore, been only a recovery to pre-war levels of production. This year's larger crop has about reached the trend of pre-war production, if it had continued at the pre-war rate up to the present. The recovery in cotton production has been due to some extent to better yield per acre but largely to the expansion of acreage. The area as estimated for the season 1925-26 was 13,544,000 acres more than the comparatively small acreage in 1921-22 and 11,901,000 acres larger than the pre-war average. The yield per acre, although below the pre-war average of 182 pounds for 1909-13, has increased steadily since 1921 (except 1923) and reached 167 pounds in 1925, compared with 124 pounds in 1921. The increase in yield per acre the past 5 years over the low point of 1921 is large compared with previous upward movements during the boll weevil period, and seems to indicate that growers have to some extent met the menace of the boll weevil and that better yields may be expected in the future.

THE WORLD COTTON SITUATION, CONT'D

The increase in domestic consumption in the United States has, to some extent, absorbed the increased production. In the first five years shown in the table referred to, consumption in the United States averaged about 5,000,000 bales. In the past five years it has averaged 6,000,000 bales. Not only has consumption of cotton increased with the normal growth of population but it has exceeded this rate, the trend in per capita consumption being steadily upward from 1890 to 1916 and it has since remained at a high level, in contrast to the per capita consumption of wool which has been maintained at a fairly constant rate.

The increase in per capita consumption of cotton has been due to new industrial uses of cotton, and to larger exports of cotton manufactures. The period of greatest consumption was in the war period when the textiles of European countries were practically excluded from our markets and we had little competition in South American countries. This period should be considered abnormal, as were many other effects of the war. Statistics on exports of cotton cloth for the pre-war period are not comparable with recent years, since they were formerly reported in running yards and are now in square yards. But figures for value, after adjusting for changes in the price level, show a decrease in imports of cotton manufactures for 1923-25 over the pre-war average, while exports are $1\frac{1}{2}$ times as large, as illustrated in the following table:

COTTON MANUFACTURES: Deflated values of United States imports and exports

Item	Average 1910-14 Dollars	Average 1923-25 Dollars	Per cent of pre-war Per cent
Imports	68,789,000	43,690,000	67.8
Exports.....	45,793,000	72,365,000	158.0

Values as shown in the "Commerce Yearbook", 1925 deflated by dividing by the index of wholesale prices of cloths and clothing as computed by the Bureau of Labor Statistics, 1910-14 fiscal years, 1923-25 calendar years. Figures include all principal classes of cotton manufactures.

The significant fact is that we are on a new level of consumption, the stability of which for the last few years indicates the establishment of a normal of about a million bales above pre-war average, and this is also indicative of a continued upward tendency. Figures recently compiled by the Association of Cotton Textile Merchants of New York show that on the basis of the latest manufacturing census the per capita expenditure in the United States for cotton is about 5 times as much as for woolens, almost 3 times as much as for worsteds and $2\frac{1}{2}$ times as much as for silks, or the expenditure per person for cotton goods is more than for all three of these other textiles combined.

THE WORLD COTTON SITUATION, CONT'D

COTTON: Supply and Distribution in the United States.

(Running bales except round bales as half-bales.

Linters included 1905-06 to 1912-13, inclusive, but excluded 1913-14 to date. Imports in 500-lb. bales.)*

Year	Stocks on hand beginning of year a/ 1000 bales	Ginnings 1000 bales	Net imports equivalent 500-lb. bales 1000 bales	Aggregate supply 1000 bales	Con- sumption 1000 bales	Exports 1000 bales
1905-06	1,935	10,726	133	12,794	4,909	6,763
1906-07	1,349	13,305	203	14,857	4,985	8,503
1907-08	1,515	11,326	141	12,982	4,539	7,573
1908-09	1,236	13,432	165	14,833	5,241	8,574
1909-10	1,484	10,386	151	12,021	4,799	6,339
1910-11	1,040	11,966	231	13,237	4,705	7,781
1911-12	1,375	16,109	229	17,713	5,368	10,682
1912-13	1,777	14,091	225	16,093	5,786	8,801
1913-14	1,511	13,983	266	15,760	5,577	8,655
1914-15	1,366	15,906	364	17,636	5,597	8,323
1915-16	3,936	11,068	421	15,425	6,398	5,896
1916-17	3,140	11,364	288	14,792	6,789	5,303
1917-18	2,720	11,248	217	14,185	6,566	4,288
1918-19	3,450	11,906	197	15,553	5,766	5,592
1919-20	4,287	11,325	683	16,295	6,420	6,545
1920-21	3,563	13,271	211	17,045	4,893	5,673
1921-22	6,590	7,978	352	14,920	5,910	6,184
1922-23	2,832	9,729	450	13,011	6,666	4,823
1923-24	2,325	10,171	272	12,768	5,681	5,656
1924-25	1,556	13,779	303	15,638	6,193	8,005
1925-26	1,610	16,009	315	17,934	6,451	8,050
1926-27	b/ 3,543					

Sources:

Stocks, Bureau of Census, "Cotton Production & Distribution", 1919-20 & ff.
 Ginnings, " " " " " " " " No. 158, pp. 5 & 49.
 Net imports, " " " " " " " " " p. 49 & press release.
 Consumption, " " " " " " " " " p. 27 & press release.
 Exports, " " " " " " " " 1924-25 and previous dates.

* No statistics are available for linters (except production and consumption) prior to 1912. Linter production was small in the early period compared with recent years. Figures in running bales since part of series not available in 478-lb. equivalents. a/ Includes foreign cotton. b/ Preliminary.

THE WORLD COTTON SITUATION, CONT'D

Relation between supplies of cotton, prices, consumption during the year and carryover since 1920.

The data on world stocks of cotton, visible and invisible, give a basis for estimating the total consumption of American cotton during the season (August to July inclusive) and the relation of total supplies to prices for the season. The following table shows the production, carryover, supply and the consumption of cotton for each year since 1920 and the average price for the season at New Orleans with prices adjusted to a constant price level of 150.

COTTON: Production and world consumption of American lint, 1920 to 1926.

Crop year	U. S. production	World Carryover visible and invisible <i>a/</i>	Supply for season	Consumed during season	Average price for season - New Orleans spot middling <i>b/</i>
	Thousand bales	Thousand bales	Thousand bales	Thousand bales	Cents per lb.
1920-21.....	13,440	6,052	19,492	10,156	14.15
1921-22.....	7,954	9,336	17,290	11,994	18.87
1922-23.....	9,762	5,296	15,058	11,762	25.12
1923-24.....	10,140	3,296	13,436	10,446	30.28
1924-25.....	13,628	2,990	16,618	13,051	23.46
1925-26.....	16,104	3,367	19,671	13,941	13.97
1926-27..... <i>c/</i>	17,454	5,730	23,184	---	

a/ Commercial and Financial Chronicle, Aug. 28, 1926.

b/ Weighted price August to July deflated to price level of 150 (1913=100), using Bureau of Labor Statistics wholesale index of all commodities.

c/ Crop estimate for October 15, 1926.

Comparing the data for supply, consumption and carryover at the end of the year with the price for the season there seems to be a very considerable degree of regularity in these relations for the years shown. Thus, as illustrated in Figure 1, page there is a rather close relationship between the total supply of cotton and the average price for the season. Ignoring 1920 and 1921 on account of the very disturbed business conditions of those years, a curve can be drawn through the dots representing the other years and hit almost every one of them. This curve showing the average price received for varying supplies during the post-war period agrees with a similar study of prewar conditions in showing that as the size of the crop increases the price decreases in a relatively greater pro-

THE WORLD COTTON SITUATION, CONT'D

portion so that the larger the crop the less the total value of the available supply.

Fig. 2, page 629 shows the relation between the average price for the season and the quantity consumed during that season. Here again the low demand during 1920 and 1921 is quite apparent. The other four years give some basis for drawing a curve showing the relation between price and consumption during the year. Similar data for the prewar years show that world consumption rarely varies more than 5% either way from the trend regardless of how high or how low prices go and gives the justification for drawing in the curve with the shape shown. This curve shows that when cotton prices fall below 20 cents there is only a slight further increase in consumption but that between 20 and 30 cents given changes in prices give relatively great changes in consumption.

In Fig. 3, page 630, there appears the relation between the price during the season and the carryover at the end of the season. Rather surprisingly, all of the post-war years appear to lie along the same curve. However, from Fig. 2 it is evident that consumption in 1920 was not as great as it should have been for the prevailing price. Had it been greater the carryover would have been smaller than it was. For this reason, in drawing in a curve to represent the apparent relation between price and carryover the line has been dropped somewhat below the 1920 data.

Fig. 2 and 3 disclose the interesting fact that the demand for cotton when prices fall below 20 cents is very largely dependent upon the demand for storage or carryover purposes. As already noted, declines in prices below 20 cents have only a very slight effect upon consumption during the year. As shown in Fig. 3, however, it is below this point that declines in price have the greatest effect upon carryover. It appears that no matter how high prices go a carryover of around 3,000,000 bales is required for reserves. As prices drop, slightly more is taken off for storage purposes. When prices begin to go below 20 cents, however, the carryover demand becomes very much larger and at prices below 15 cents the quantity held over for the next season becomes nearly as large as the quantity consumed during the season.

These figures are but very rough indications of the real relation between supplies, prices and consumption. It is obvious, for example, that in years of very active business such as 1925 prices and consumption are likely to be somewhat higher than they would be in years of smaller supplies but with lower business activity. In the prewar period changes in business activity had an appreciable effect upon both the price and consumption of cotton.

Using these charts merely as rough indications of the nature of the relations, however, it is possible to make approximate estimates of

THE WORLD COTTON SITUATION, CONT'D

how a given course of action with regard to removing a part of this year's supply of cotton from the market is likely to effect supply and prices during this season and next season. Thus, for example, removing part of this year's supply will have a tendency to raise prices somewhat towards the point that they would have been had that much less been produced. Fig. 1 may be used to determine roughly what this price would have been. Fig. 3 may then be used to estimate how much cotton the trade is likely to carry over into next season for a given price prevailing during this season. Thus, for example, the chart shows that if the price averages about 13 cents for the season the most probable carryover will be in the neighborhood of 9,000,000 bales.

Having such an estimate of the carryover at the beginning of next season it would then be possible to estimate what the average price for the season might be for any given production which is assumed. Thus if 12,000,000 bales are produced next season, and a carryover of 9,000,000 bales is indicated from this season the available supply for the next season would be 21,000,000 million bales. Fig. 1 could then be used to estimate the price at which this supply would be likely to sell assuming that the general level of prices and the activity of business remains approximately the same as it has been during the 1925-26 season.

It is impossible, of course, to tell exactly what effect withdrawing a given quantity of cotton from the market will have upon price during a season. It is quite apparent from the figures shown that there is much more cotton available than is needed for spinning during the current year. The question may be asked whether, if cotton were withdrawn from the market and held in the hands of individuals without any guarantee as to when or how it would be sold, the withdrawal of that amount would have as great an effect upon price as would the purchase of an equal amount by a single organization with a formal guarantee that it would not be sold until at least after the next crop has been harvested. Over half of the cotton usually leaves the farmers' hands before the end of November so that to affect very materially the results to producers this year, measures will need to be put into effect rapidly and energetically.

THE WORLD COTTON SITUATION, CONT'D

RELATION BETWEEN WORLD SUPPLIES OF
AMERICAN COTTON AND AVERAGE PRICE FOR
THE SEASON.

Spot
Price
of
Middling
Cotton
at
New
Orleans,
August
to
July

Cents
per
Pound

30
25
20
15
10

(Prices deflated to present
price-level, using B.I.S.
index of wholesale prices.)

Apparent relation
between supply and price.

12 14 16 18 20 22

Millions of Bales

World supply of American cotton: (Visible and invisible
Aug. 1, plus new crop.)

Figure 1. In 1920 and 1921 the price was lower than usual for the supply then available, due to the very disorganized state of industry throughout the world, and the resulting low level of demand. The relation of price to supply from 1923 through 1925, however, appears to have been quite regular.

From 1900 to 1913 there was a somewhat similar relation of price to supply. Both supply and price were moving upward through that period, but whenever the supply was above trend, the price was usually below trend, and vice versa. For the average of the pre-war period, price decreased about 2% below trend for each increase of 1% above trend in supply. During years of unusually good business, however, as in 1905 and '06, or in 1913, the price was from 3 to 5% higher than it would normally have been for the existing supplies. The crop year 1925-26 has been one of unusually good business conditions; should the next year or two be somewhat less active, that might have some effect upon cotton prices.



Figure 2. This figure shows how much lower demand was in 1920 and 1921 than in other recent years - the cotton actually consumed those years was very much lower than it was other years when the price was about the same.

While changes in cotton prices between 20 cents and 30 cents apparently have considerable effect upon consumption, decreases below 20 cents or increases above 30 cents apparently have little further effect. This hypothesis is borne out by the data for the period from 1900 to 1913. During that period world consumption of all cotton (separate figures for American cotton are not available) never fell more than 7% below the trend no matter how high the price went, nor ever increased more than 6% above the trend, even in years of very low prices. The corresponding figures for consumption within the United States are from 10% below trend to 10% above trend. These data show that demand for cotton is inelastic beyond these limits, and that therefore the curves put on each end of the curve above are probably some indication of the true relation.

In years of very active business, however, consumption is usually somewhat higher than would be expected from the price, and in years of very poor business the reverse is true. Thus with an average price in 1914 and active business, 5% above trend was consumed, while in 1907, with just as high a price relatively, but poor business, consumption was 2% below trend.

THE WORLD COTTON SITUATION, CONT'D

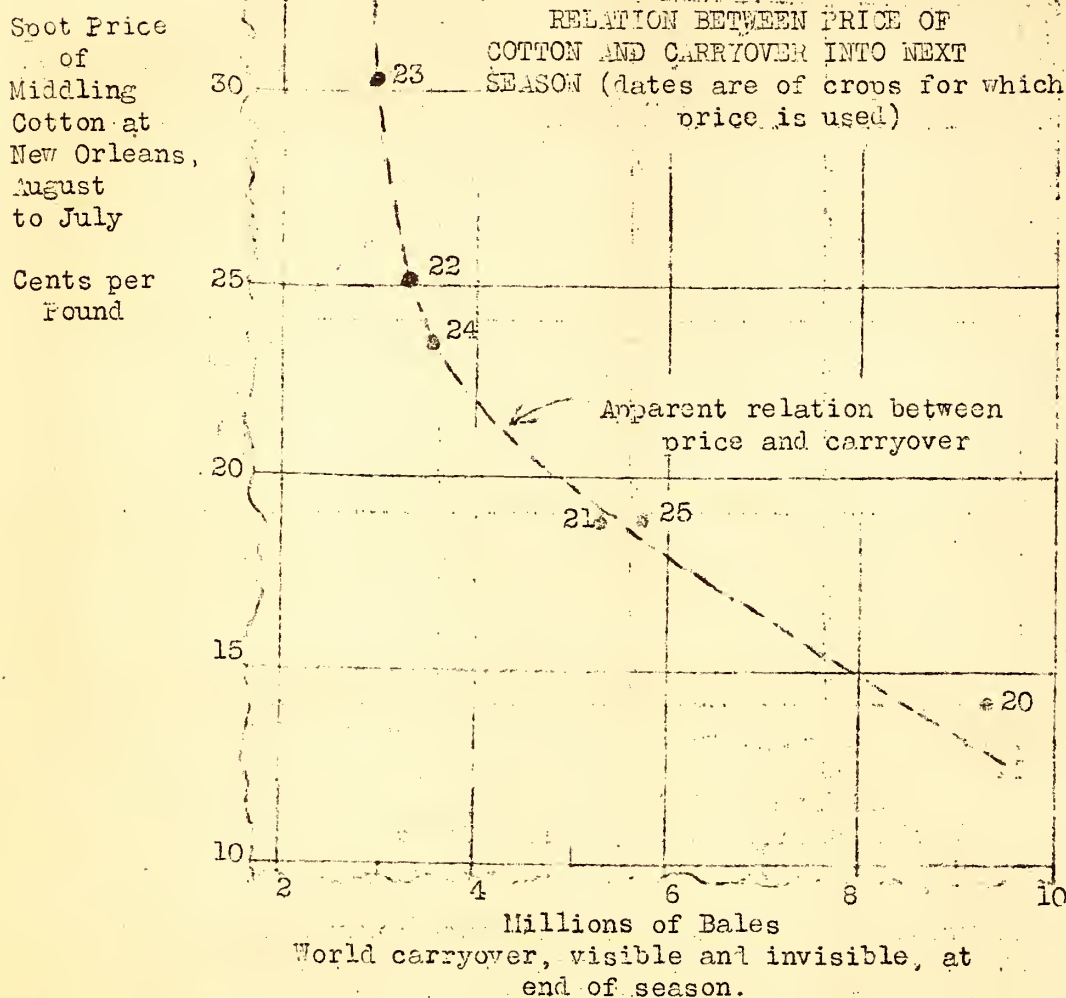


Figure 3. As is shown here, cotton stocks at the end of the season depend largely on the price of cotton during that season. When the price drops below 25 cents (in terms of the present level) there are very great increases in carryover for further declines in price. Above 25 cents, however, the price of cotton apparently does not have much effect upon stocks, the carryover at 30 cents being almost as large as at 25.

The years from 1900 to 1913 show the same sort of relation between cotton prices and carryover, years of high prices showing very low stocks at the end and years of low prices showing large increases in stocks.

Since there is very little expansion in cotton consumption when the price falls below 20 cents, beyond that point nearly all of the increase in supply has to be taken by those who are willing to hold it over till the next season. It is the elasticity of the demand for storing cotton at low prices which enables the market to absorb very large crops. Were the demand dependent solely upon consumption, prices in years of large crops would go even lower than they do.

THE WORLD COTTON SITUATION, CONT'D

United States cotton exports

Net exports of raw cotton from the United States were 22.2 per cent higher for the period July-September 1926 than for the same period last year. Low stocks and falling raw cotton prices, together with somewhat improved industrial conditions in many important consuming countries, have accounted for the larger volume of business, although there is evidence to show that a period of low prices is utilized to build up stocks rather than to make more than the normal amount of consumers' goods. Practically all consuming countries are buying more American cotton; with outstanding increases noted for Russia, Italy and Japan.

COTTON, UNMANUFACTURED: Exports from the United States by countries, July-September, 1925 and 1926

(Bales of 500 pounds gross)

Country to which exported	July-September		September		September, 1926	
	1925	1926	1925	1926	Long staple	Short staple
LONG AND SHORT STAPLE:	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
Germany	407,459	452,077	256,214	275,927	25,988	249,939
United Kingdom.....	266,487	305,874	139,743	190,508	51,357	139,151
France	122,253	152,975	67,020	73,497	17,983	55,614
Soviet Russia in Eur- ope	105,422	177,848	37,550	66,119	0	66,119
Italy	98,408	146,636	47,599	53,017	6,959	46,058
Spain	54,468	41,558	37,174	22,960	1,366	21,594
Belgium	26,271	42,269	15,279	15,669	2,142	13,527
Netherlands.....	23,214	16,349	19,856	10,547	1,633	8,909
Sweden	10,109	8,883	15,292	5,506	684	4,612
Other Europe.....	25,135	13,483	17,306	11,765	420	11,345
Total Europe.....	1,140,231	1,359,932	694,053	725,316	108,447	316,339
Canada.....	25,951	30,434	14,020	12,099	1,020	11,079
Japan	135,077	161,622	66,362	78,621	1,657	76,964
China	1,413	20,971	1,217	6,469	0	6,469
Other countries ...	126	13,627	170	3,567	729	2,838
Total exports...	1,302,868	1,586,686	775,802	826,072	111,853	714,219
Total imports <u>a/</u> ...	35,393	33,993	15,817	10,467		
Total reexports <u>a/</u> ...	3,803	3,866	1,178	1,240		
Net exports	1,270,778	1,553,559	761,163	815,845		
LINTERS:						
Germany.....	2,582	13,475	63	3,191		
United Kingdom.....	2,075	2,594	263	329		
France.....	1,512	2,444	671	434		
Other Europe.....	1,446	1,951	329	374		
Total Europe.....	7,615	20,464	1,326	4,328		
Canada	1,256	3,274	599	1,244		
Other countries....	66	54	5	20		
Total exports...	8,937	23,792	1,930	5,592		

Compiled from official records of the Bureau of Foreign and Domestic Commerce.
a/ Bales of 473 pounds net.

THE WORLD COTTON SITUATION, CONT'D

Changes in world port and mill cotton stocks

An analysis of changes in the world port and mill stocks of cotton at the end of each season since 1920-21, as given in the following table, shows that both port stocks and mill stocks were relatively high at the end of the past year, although port stocks were low compared with the high figure for the end of the 1920-21 season. There has been some accumulation of both port and mill stocks during the last two years since the years 1922-23 and 1923-24 when all stocks were low. Since 1920-21, when port and mill stocks were about equal, the ratio of mills stocks to port stocks has been consistently around 2 to 1.

COTTON: Relative change in world port stocks and mill stocks on
August 1, 1921 - 1926

(In running bales)

Stocks	1921	1922	1923	1924	1925	1926
	<u>1,000 bales</u>	<u>1,000 bales</u>	<u>1,000 bales</u>	<u>1,000 bales</u>	<u>1,000 bales</u>	<u>1,000 bales</u>
European port stocks <u>a/</u> ...	1,759	1,315	635	763	977	1,274
Stocks in Bombay	1,153	968	502	654	598	525
Stocks in U. S. ports	1,303	439	182	223	211	510
Stocks in Alexandria	264	220	136	51	55	205
Total <u>b/</u>	4,479	2,942	1,455	1,691	1,841	2,514
World mill stocks <u>c/</u>	4,488	5,068	3,872	3,574	4,267	4,498

a/ Liverpool, London, Manchester, Hamburg, Bremen, Havre, Rotterdam, Barcelona, Genoa, Ghent, Antwerp. b/ Port stocks taken from "Commercial and Financial Chronicle". c/ International Federation of Master Cotton Spinners' and Manufacturers' Association.

THE WORLD COTTON SITUATION, CONTD.

COTTON: World visible supply and mill stocks on August 1, 1924, 1925 and 1926. (In running bales)

Item	American			All kinds		
	Aug. 1, 1924	Aug. 1, 1925	Aug. 1, 1926	Aug. 1, 1924	Aug. 1, 1925	Aug. 1, 1926
	1,500	1,000	1,000	1,010	1,000	1,000
	bales	bales	bales	bales	bales	bales
Visible supply						
Estimated by:						
"Commer. & Finan. Chron.	933	1,113	2,284	2,190	2,343	3,686
"New Orleans Cotton Exchange (Hester)	924	1,106	2,076	2,188	2,325	3,501
"M.Y. Cotton Exchange	939	1,125	2,279	2,140	2,283	3,669
Average of above estimates	953	1,115	2,213	2,176	2,319	3,619
Mill stocks a/.....	1,337	1,853	1,969	3,574	4,287	4,456
Total mill stocks and average of visible supply estimates	2,259	2,948	4,182	5,750	6,586	8,117
World Visible & Invisible Supply estimated by Com. & Fin. Chron.	b/2,980	b/3,562	b/5,750	6,137	6,952	7,665

a/ Mill stocks from International Cotton Federation.

b/ Incomplete for Invisible Supply.

Improvement noted in European textile activity

The demand situation for cotton in central and northern Europe was distinctly stronger during the first two weeks in October. Some 8 a/ countries, including most of the important cotton mill centers, report definite increases in spinning activity and advance orders during September and early October. Reports from 8 b/ other countries, most of them of secondary importance in the textile trade, report either no improvement or further depression.

Perhaps the most outstanding example of relatively improved activity is that of Poland, whose improvement has been slow and partly seasonal, but the situation is considerably better than at this time last year. The recent activity in Germany is also partly seasonal. It seems likely, however, that the German textile industry will continue in a better position. The outlook is better also in Czechoslovakia and Austria. Hungary appears to be enjoying a slow but general improvement in the economic situation. Russia is reported as buying mill equipment and raw material, but holding spinning in check.

a/ United Kingdom, Germany, France, Poland, Czechoslovakia, Austria, Hungary, and Greece.

b/ Belgium, Netherlands, Italy, Spain, Portugal, Russia, Sweden and Denmark.

THE WORLD COTTON SITUATION, CONT'D

until cotton stocks are felt to be adequate. In most continental countries the raw cotton price situation has had some effect, and while that factor alone as yet cannot be made responsible for increased mill activity, it appears that, in the opinion of the trade, the lower price level, together with somewhat greater commercial activity in other lines, has strengthened textiles materially. In Great Britain, mills in the American section have returned to the 24-hour week, but the fuel situation continues to retard spinning.

The direct and indirect effects of the British coal situation on textile activity both at home and abroad have been of considerable significance. In Great Britain the comparative scarcity and expense of coal has been an important factor in hindering mill activity and maintaining operating costs at relatively high levels. The shortage of ocean tonnage created by the demands of the coal carrying trade have raised rates on American cotton out of New York from 30 cents per 100 pounds on October 1, 1926 to 40 cents on November 2, and the rate out of New Orleans from 48.5 cents to 59 cents over the same period. Although the price situation continues to be more favorable to foreign consumers than in any year since 1921, the increased rates have offset to some extent the advantages which might have been expected to accrue to all European cotton mills through the drop in raw cotton prices. On the other hand, considerable industrial and commercial activity during the past 6 months in continental countries has been frequently attributed to the increased output of coal for export. It is conceivable that continental textile mills have shared indirectly in the increased prosperity of the mining communities.

The British coal strike is now in its seventh month, and may well run into the new year, according to E. A. Foley, American Agricultural Commissioner at London. There has been some increase in the number of men returning to the mines, but the total number now at work is estimated at only 230,603 as compared with a normal employment of 1,107,129.

In the meantime, the accumulated supplies of coal are being rapidly consumed. With a normal production of 4,000,000 to 5,000,000 tons a week, the present production is just reaching 1,000,000 tons. This is supplemented by a weekly import of 1,000,000 tons from the United States and the Continent. Charterings of ships for foreign coal cargoes is now running beyond the first of January. It is estimated that even if the miners should immediately return to work it would take from 30 to 40 days to restore normal supplies.

With the approach of winter there is an increased demand for coal for heating and lighting and prices are advancing rapidly. More factories are closing down and unemployment increased 45,000 in the week ending October 9. The Board of Trade reports a drop in imports of raw material of \$25,000,000 in September as compared with August and the same reports indicate a corresponding drop in exports of cotton goods and woollens.

THE WORLD COTTON SITUATION, CONT'D

Great Britain

During August and September, according to information received through the Department of Commerce, the spinning mills were operating at about half of normal capacity while the output of cloth was generally placed at about 60 per cent of capacity. At a meeting on September 28, the spinners of the American section (mills using American cotton) adopted the recommendation of the Short Time Committee to reduce operations to one-third of capacity, working one week out of three to begin on October 4. This decision has been rescinded, however, and the mills have returned to their previous schedule of 24 hours a week. During August and September the cotton goods market was generally quiet. Merchants were cautious in making their purchases owing to declining cotton prices and uncertainty of delivery due to the coal strike. At the end of September the market was still restricted but an encouraging undercurrent was apparent, and the demand for goods was rather fair.

The exports of cotton cloth for the eight months of 1926 were 300,000,000 yards below the exports for the corresponding eight months of 1925, and 283,000,000 yards below those of the first eight months of 1924. Sales in India have been retarded by buyers waiting for lower prices to result from the production situation. The monsoon has been favorable, however, and good crops are expected to stimulate the demand for textiles. Dealers' stocks are reported as low. In the Chinese markets, however, conditions have taken a turn for the worse. Very little cotton goods was shipped inland from the seaports during the past 3 months owing to the transport irregularities resulting from military operations, and auction sales at Shanghai were suspended during the last 2 weeks of September and the first week of October.

Germany

The situation in the German cotton industry has continued to develop favorably during the past six weeks, according to G. C. Hass, American Agricultural Commissioner at Berlin. The activity on July 1 was 51 per cent; on August 1, 61 per cent; in the last week of August, 70 per cent; in the second week of September, 75 per cent; and toward the end of the month, 80 per cent. There are indications that Germany will be an important factor in the question of disposing of the large American cotton crop. Cotton yarn production since March has been as follows:

Month	1,000 lbs.
April 1926	31,967
May "	29,762
June "	33,069
July "	36,576
August "	41,887

The favorable development is due principally to increased domestic purchases, but there has also been an increase in export business. These facts clearly reflect the improvement of the economic situation in Germany and, to some extent, in surrounding countries.

THE WORLD COTTON SITUATION, CONT'D

The improvement has been particularly large in the German cotton weaving industry and it seems likely, therefore, that the spinning mill activity mentioned above will continue to show some rise. The cotton weaving mills are said to be working 5 to 6 days a week, and to be supplied with unfilled orders up to December and even later. Stocks of this industry are practically all sold, but there are some indications that the recent decline in the price of cotton caused a temporary decrease in business because of the reluctance of sellers to adjust cotton goods prices to the prices of raw cotton.

Considering the general situation in the German cotton industry, it should be noted that the steady increase in mill activity has resulted, at least partially, from seasonal conditions. It should not be expected, therefore, that development will continue at the rate experienced in recent months. There has been genuine improvement in the domestic market, however, and it seems likely that the industry will hold much of the ground gained.

Market reports of the Bremer Baumwollbörse indicate fairly good activity in the sales of American cotton in September particularly for prompt and near deliveries. Considerable purchases were also made, toward the end of September and early October, of cotton for later shipment. It is the general belief that the cotton business will be stimulated when prices of raw cotton reach a stable level.

The table below shows that cotton imports into Bremen for August and September were 108 per cent of the imports for the same 2 months of last year, while exports were 116 per cent of the 1925 figure. Those figures indicate somewhat the increased textile activity of other European countries that purchase raw material in Germany. There is no indication, however, of the volume of business done in cotton imported into Germany and reexported by rail, although purchases by such countries as Poland and Czechoslovakia must largely come overland through Germany and be included as imports into that country along with the German imports for domestic consumption. The increased exporting and domestic consumption have kept port stocks at Bremen below the 1925 figures. As reported by the "Commercial and Financial Chronicle", Bremen stocks of cotton from all sources as of October 1 and 29 were 56,000 bales and 164,000 bales, respectively, against 78,000 and 201,000 for the corresponding dates of last year.

THE WORLD COTTON SITUATION, CONT'D

COTTON (RAW): Bremen trade, September 1925 and 1926
(In running bales)

Kind ¹	I m p o r t s			
	September 1926	August 1, 1926 to Sept. 30, 1926	September 1925	August 1, 1925 to Sept. 30, 1925
American ..	136,143	201,496	149,716	187,244
Indian	912	2,284	596	1,037
Sundries ..	1,122	2,723	795	1,597
Total ...	138,177	206,503	151,107	189,878
	E x p o r t s			
	September 1926	August 1, 1926 to Sept. 30, 1926	September 1925	August 1, 1925 to Sept. 30, 1925
American ..	151,325	274,095	129,679	236,351
Indian	961	1,988	521	801
Sundries ..	770	2,037	299	598
Total ...	153,056	278,120	130,769	238,030

Sailing for Bremen, end of September, about 250,000 bales.

Czechoslovakia

Slight improvement is to be noticed in the Czechoslovakian cotton spinning industry. The factors favoring further improvement, as submitted by Mr. Haas, are:

1. Some slight improvement in the economic situation in Czechoslovakia as well as in the surrounding states.
2. Some increase in buying activity as a result of trade opinion that cotton prices have about reached bottom.
3. Government measures aiming at promoting the cotton yarn trade.
4. Czechoslovakian-Hungarian most-favored-nation agreement.

The unfavorable factors are:

1. Low level of unfilled orders.
2. The very slow rate of improvement in the economic situation.

The seasonal increase in the demand for cotton products has resulted in a slight increase in the cotton spinners' business and the longer time outlook now appears somewhat more promising. The improvement is not to be noticed in the present activity of the spinning mills, but rather in the tendency toward an increased volume of current orders. The mill activity, as anticipated, continues very unsatisfactory with some slight decline. An increase in unemployment in the cotton industry has also taken place. In consequence of these continued difficulties it is reported that the textile industry is considering adopting more efficient production and marketing methods, and among the smaller plants the question of concentration is being discussed.

THE WORLD COTTON SITUATION, CONT'D

Future prospects are for some improvement; it is expected that domestic demand will show some increase and that yarn exports to the Danube market will continue to improve along with some small increase in the German yarn takings. The prospects for the export of cotton goods, however, appear less favorable. The decrease in the cotton goods exports to the Danube market will probably continue and it is not expected that the export to Germany will reach any significant size. There is a probability of an increased finished goods export to countries other than Germany and the Danube states, but this would probably necessitate a shift to the production of finer qualities.

The development of the weaving industries in the Danube states, particularly in Hungary and Rumania, is the prime reason for the decrease in Czechoslovakian cotton goods exports in this direction. It is not probable that exports of cotton goods to Austria will decline further, as some slight improvement is expected in the Austrian demand situation. The advantages which the Australian textile industries received under the Hungarian-Austrian commercial treaty now apply as well to Czechoslovakia in accordance with a provisional Czechoslovakian-Hungarian most-favored-nation treaty, effective September 1, 1926.

Leading Czechoslovakian cotton trade observers are of the opinion that lower prices on the cotton market will result in a favorable business reaction. The downward price movement has not been conducive to buying and it is believed by some that prices have now reached the bottom. In consequence of this opinion, demand for cotton yarn in the last few days has increased, and it is expected that under-supplied buyers will take advantage of low prices. The Czechoslovakian cotton industry has lost little on cotton holdings because of the decrease in prices, as the industry was largely protected by hedges and has been operating under a hand-to-mouth buying policy during recent months.

CZECHOSLOVAKIA: Summary of developments in cotton industry,
1913 to 1926

Date	Raw cotton net imports	Cotton yarn net exports	Est.prod. cotton yarn fabrics	Cotton yarn fabrics	Est.domestic consumption cotton yarn fabrics
	1000 pounds	1000 pounds	1000 pounds	1000 pounds	1000 pounds
1913	774,839	22,046	310,849	163,140	147,708
1921	415,092	6,614	171,959	55,115	116,844
1922	332,074	35,274	108,025	52,910	55,115
1923	350,522	22,046	127,867	55,115	72,752
1924	488,886	30,864	180,777	74,956	105,821
1925	645,699	50,706	227,074	97,002	130,071
1925 Jan.-July	364,359	28,660	127,867	50,706	77,161
1926 Jan.-July	272,116	17,637	99,207	46,297	52,910
Decrease 1926	44,092	11,023	28,660	4,409	24,251

THE WORLD COTTON SITUATION, CONT'D

Cotton imports in August were relatively lower than in July. Exports of cotton yarn during the seven months January-July this year amounted to only 934 carloads of 10 metric tons as compared with 1493 in the same period last year, or a decrease of 38 per cent. Exports of cotton yarn fabrics during the same period were 2,190 and 2,360 carloads, respectively, a decrease of 7 per cent.

In 1921 raw cotton imports reached 53 per cent of the pre-war imports for the first time. This was during the business boom accompanying the inflation. After the deflation crisis, in 1924, the cotton imports amounted to 63 per cent of the pre-war imports; and in 1925 to 83 per cent, the highest figure since pre-war. A comparable figure for the first seven months of 1926 is about 63 per cent, as in 1924, which was not a bad year. The situation, therefore, should not be regarded too pessimistically.

The estimated consumption of cotton goods in 1925 was 82 per cent of the estimated pre-war consumption, and this figure has decreased to 60 per cent in the first seven months of 1926. The decrease in domestic consumption is the most important factor affecting mill activity, up to the present. The decreased yarn exports, mentioned above, are second in importance, with the lower cotton yarn fabric export third.

The decrease in exports of cotton yarn and cotton goods concerns Germany primarily in the case of cotton yarn, and the Danube countries in the case of cotton goods. Cotton yarn exports to the Danube countries and the countries other than Germany have increased, yet from the Czechoslovakian point of view this cannot be considered a favorable tendency, as it indicates increasing development of the finished cotton goods industries in these countries. The development of these industries is also indicated by a 15 per cent decrease in the export of finished goods to the Danube countries.

Poland

Mr. Haas reports that the Polish cotton industry has shown steady, although partly seasonal, improvement since July and the situation is generally satisfactory. Reports for September indicate that spindle activity is only slightly below full capacity. Export business has been satisfactory for some time and recently practically all indices of domestic economic conditions have indicated a generally favorable development.

The upturn in business is, of course, probably most pronounced in the coal industry, as a result of the English strike, both production and exports having increased heavily, reaching the 1913 level and the highest point since that time in August of this year. The wood industry and other export industries, however, also show favorable figures. Polish cotton exports have been going principally to Rumania, the Baltic States, China and India.

The currency has been stable for practically two months and the trade balance continues favorable. Imports are running at an unusually low level and exports are increasing, a factor tending to strengthen the currency position. The Polish budget has been balanced for the past two months with surpluses sufficient to wipe out deficits back to April. The Bank of Poland has also increased its reserve against notes.

THE WORLD COTTON SITUATION, CONT'D

Austria

The Austrain situation is very similar to that of Czechoslovakia, according to Mr. Haas. Sales of cotton goods and yarn have increased, and the increase is somewhat more than seasonal, owing to the under-supply of goods in consumers' hands. The increased sales, however, have not yet resulted in greater mill activity, in fact, activity has further declined, because of the small volume of new orders received during the past few months. With sales showing some tendency to rise, however, and with a small, though fairly general improvement in the Austrian economic situation now evident, it appears that the outlook for the cotton industry is a little more favorable than six weeks ago at the time of our last report. This view is further supported by the fact that spinners are reported as beginning to buy cotton in the belief that prices have touched bottom.

Japan

According to a dispatch to the Department of Commerce from Commercial Attache Herring at Tokyo, the Japanese cotton spinning industry was in the midst of a pronounced slump at the end of September and cotton yarns on the Osaka exchange were down to a new low level. This decline in spinning activity is ascribed to the falling price of cotton and to disturbances in the Yangtze Valley region of China, which is a very important Japanese market. Beginning July 1, 1926, the Japanese Factory Law went into full operation, reducing the standard working day from 11 to 10 hours, and making full double shifts impossible by regulating night operation.

Other Countries

September was a quiet month in the Belgian raw cotton market owing to the uncertainty of prices, according to reports received through the Department of Commerce. With the price situation more definite, however, increased buying activity is certain. The French cotton mills continued their activity during August and September. The weaving mills at the end of September were booked through March. Sales of yarn in September were better than those during August. During September a number of mills in Italy were still working on part time although the better mills were fairly active. Domestic demand was good during August but the export demand decreased and the lack of export orders continued through September. Spanish mills were still operating at 60 per cent of capacity early in September, with a small demand for finished goods. There has been no improvement in Portugal during recent months, with the Netherlands also still experiencing a depressed condition. The small Hungarian cotton industry has been enjoying fair business during the last few months, and spindles have increased to 120,900 against 100,000 in 1925. The textile situation Greece is not as good as a year ago, with currency difficulties being cited as a cause of reduced domestic purchasing power. Conditions in Sweden became less favorable during the summer, and Danish spinning mills have been operating at 60 per cent capacity, with weaving mills at only 49 per cent.

THE WORLD COTTON SITUATION, CONT'D

Egyptian Government control of cotton prices

Estimates of the Egyptian cotton acreage for the 1926-27 season show a reduction of only 7%. The failure of the 1926 law restricting acreage in cotton to 1/3 of the cultivatable land is ascribed to the fact that the law was passed too late for planters to change their plans to sow cotton. This decree applied only to the 1926-27 season. Recently, however, the Egyptian Ministry of Agriculture has recommended that the decree be renewed for the coming season. The chief reason for issuing the decree is of course to raise the price which growers receive for cotton, but it is also urged on the ground that certain lands are becoming exhausted and crops are not sufficiently rotated.

During the past few months the Egyptian Government has continued its policy of entering the market from time to time and buying small amounts of cotton. Although some rise in prices has occurred, the upward movement has generally been only temporary. A detailed study of Egyptian government activities appeared in "Foreign Crops and Markets", Vol. 12, No. 12, and is reproduced hereafter in full as being of interest in the present situation:

The efforts of the government in Egypt to keep up the price of cotton have taken two forms: the purchase and holding of raw cotton and the restriction of acreage planted. The effectiveness of government buying has varied in proportion to the amount bought.

During the World War the cotton market in Egypt was in chaotic condition; for certain periods purchases practically ceased. The government found it desirable to intervene to protect the industry and save the cotton planters from bankruptcy. In 1914 cotton was purchased in small lots direct from the producers. In 1917 the marketing of cotton seed was taken over entirely by a government commission and from August 1, 1918 to July 31, 1919, the same was done for cotton fiber. The cotton market was closed and all cotton entering Alexandria was purchased by approved cotton buyers for the official Cotton Control Commission at a fixed price of 42 talaris per cantar for F.G.F. Sakellaridis and held for sale at 48 talaris.*

The price fixed for the 1918-1919 season was slightly above that prevailing on the Alexandria Exchange in July 1918 but by the following summer the world demand had so far improved as a result of the signing of the Armistice that the government price was several hundred points below that which would have obtained in a free market. The great post-war wave of extravagant buying had already begun, and Egyptian cotton was carried on its crest. From August

* In August 1918 the buying price equalled 41.4 cents per pound and the selling price 47.3 cents per pound. In a declining exchange the former dropped to 37.9 cents and the latter to 43.3 cents in July 1919.

THE WORLD COTTON SITUATION, CONT'D

1919 to January 1920 the price of F.G.F. Sakallaridis at Alexandria advanced over 200 per cent. The fall was almost as rapid as the rise; by November 1920 the price had returned to the level of August 1919. The bottom was reached in the latter part of February 1921 when the price for F.G.F. Sakallaridis, which had reached \$1.31 per pound just a year before, stood in the neighborhood of 16 cents.

The boom of the 1919-1920 season was very largely the result of the American demand for Egyptian cotton for use in the manufacture of automobile tires, and the crisis in America in 1920 was one of the chief causes of the collapse of Egyptian cotton. Exports of cotton from Egypt to the United States, which amounted to something over 96,000 bales of 478 pounds net in the 1918-1919 season, increased to over 445,000 bales in 1919-1920, over a third of the total export, and decreased to 78,000 bales in 1920-1921, less than a tenth of Egyptian exports for that season.

On March 4, 1921, the government definitely decided, with the consent and support of the British authorities, to make small purchase of cotton direct from the planters. Unginned cotton was to be bought in the provinces in lots not exceeding 9,900 pounds (about 20 American bales) at a weekly fixed price somewhat above the regular market price; 18.6 cents per pound for the week of March 4 when actual spot prices stood at 17.8 cents. Though official prices were set this early, no actual purchases were made until March 20. On April 5 the government entered the cotton market at Alexandria and bought ginned cotton in bulk. All purchases ceased after May 31. In all, the government spent over \$2,800,000 in the purchase of the equivalent of over 26,000 bales of 478 pounds, paying at an average slightly over 18.5 cents per pound for the small local purchases and from 25.5 cents to 26.8 cents per pound for purchases in the Alexandria Exchange. On March 4, when the government made its decision, the price of F.D.F. Sakellaridis on the Alexandria Exchange stood at 17.8 cents per pound. One week later it advanced to 20.3 cents and on March 25 after actual purchases had begun it reached 26.5 cents. This was the highest point reached during the period of government purchasing in 1921; in the latter part of May it dropped below 23 cents and on June 3 after all purchases had ceased, stood at 21.5 cents per pound. That this rise in price though temporary was to a very large extent the result of government purchases seems probable when we consider the fact that the premium of F.G.F. Sakellaridis over American Fully Middling at Liverpool advanced from 78 per cent on March 4 to 115 per cent on April 1 and 122 per cent on April 29, declining, however, to 100 per cent on May 27, and to 90 per cent on June 10. (See table, p. 643). As the greatest improvements in price came directly after the announcement of the government's decision and again after the first actual purchases, it would seem that in this case evidence of intention had a greater actual influence than the withdrawal of supplies by purchase. Later in the season, when the price had again advanced as the result of other influences, the government sold its stocks at a good profit.

THE WORLD COTTON SITUATION, CONT'D

COTTON: Alexandria and Liverpool closing prices of F.G.F. Sakellaridis and American Fully Middling and premium of F.G.F. Sakellaridis over American Fully Middling at Liverpool on Fridays, Jan. 7 to June 24, 1921.

Date	Prices at Alexandria		Prices at Liverpool		Premium of F.G.F. Sakel. over American Fully Middling
	Futures for near months	Spot	American Fully Middling	Egyptian F.G.F. Sakel.	
1921	cents per lb.	cts. per lb.	cts. per lb.	cts. per lb.	Per cent
Jan. 7	Jan. futures \$25.48	25.67	16.81	31.61	88
14	" " 27.84	27.57	18.31	35.84	96
21	" " 26.79	26.79	16.13	34.63	115
28	Mar. " 25.78	25.94	15.89	34.08	115
Feb. 4	" " 24.18	24.34	14.76	30.48	107
11	" " 21.96	21.72	14.50	28.33	95
18	" " 20.23	19.87	14.79	26.76	81
25	" " 16.41	16.09	12.24	22.52	84
Mar. 4	" " 18.21	17.80	11.89	21.15	78
11	" " 20.88	20.23	12.55	24.44	95
18	" " 21.05	20.76	13.15	25.28	92
25	May " 27.44	26.46	14.37	28.53	99
April 1	" " 25.08	24.43	13.52	28.63	115
8	" " 24.59	24.02	12.95	27.77	114
15	" " 25.24	24.83	13.45	28.93	115
22	" " 25.85	24.43	12.93	29.10	125
29	" " 25.32	24.62	13.18	29.27	122
May 6	" " 25.29	24.83	13.85	28.17	103
13	" " 25.85	23.68	13.57	27.53	103
20	" " 22.43	22.43	13.48	26.72	98
27	July " 23.20	22.99	13.51	26.95	100
June 3	" " 21.85	21.53	13.13	25.87	97
10	" " 21.95	21.43	13.07	24.89	90
17	" " 21.02	20.78	12.77	25.17	97
24	" " 20.47	20.39	11.95	24.17	103

THE WORLD COTTON SITUATION, CONT'D

COTTON: Alexandria Thursday closing prices of F.G.F. Sakellaridis and Liverpool Friday closing price of F.G.F. Sakellaridis and American Fully Middling, with premium of F.G.F. Sakellaridis over American Fully Middling, August 7, 1924 to Jan. 2, 1925.

Prices at Alexandria				Prices at Liverpool			
Date	Futures for near months	Spot	Date	Egyptian F.G.F. Sakel.	American Fully Middling	Premium of F.G.F. Sakel. Over Amer. Fully Middling	
1924	Cents per lb.	Cents per lb.	1924	Cents per lb.	Cents per lb.	Per cent	
	Nov amber						
Aug. 7	futures	39.80	45.22	Aug. 8	48.32	32.55	48
14	"	41.28	26.94	15	49.68	32.06	55
21	"	41.25	47.46	22	43.03	30.23	59
28	"	38.00	44.46	29	47.01	29.46	60
Sept. 4	"	37.27	42.39	Sept. 5	46.29	28.18	64
11	"	35.47	---	12	46.02	26.37	75
18	"	35.40	38.27	19	45.94	25.18	82
25	"	36.72	39.22	26	47.04	26.25	79
Oct. 2	"	38.55	39.64	Oct. 3	47.23	28.32	67
a/ 7	"	39.22	40.15	10	46.76	23.35	77
16	"	39.27	40.80	17	46.49	25.31	84
23	"	39.27	41.27	24	47.69	25.20	89
30	"	41.28	43.02	31	48.21	25.58	89
Nov. 6	"	42.86	44.43	Nov. 7	49.55	25.25	96
13	"	43.84	44.18	14	49.33	26.78	84
20	"	46.52	46.04	21	49.48	26.29	88
27	January futures	43.84	45.80	28	50.86	25.38	93
Dec. 4	"	46.07	48.35	Dec. 5	52.25	25.35	106
11	"	51.03	52.97	12	56.61	25.59	121
18	"	54.71	55.74	19	56.11	26.06	115
b/ 24	"	54.86	55.98	26	57.75	26.05	122
b/ 31	"	56.32	57.19	(1925) Jan. 2	59.50	26.78	122

a/ Tuesday. b/ Wednesday.

THE WORLD COTTON SITUATION, CONT'D

The Agricultural Syndicate of Egypt is one of the most powerful organizations in that country. In 1921 and later years it has been the most important factor in influencing the government to take action for the protection of the cotton interests. In March 1922 Egypt became an independent nation, and, as a result, it became more responsive to this syndicate. On March 24 the price of F.G.F. Sakellaridis at Alexandria stood at 32.6 cents per pound. By April 7 it had declined 1 cent and by the 21st 2-1/2 cents a pound. As a result of repeated importunities the government again entered the market on April 24 and in the eight days following bought between four and five thousand 478-pound bales of Sakellaridis and other varieties, paying for the Sakellaridis prices varying from 31 to 32.8 cents per pound. It is highly improbable that these small purchases had anything more than a very slight temporary effect upon the price. There was no increase in the premium of Egyptian over American cotton at Liverpool in April and an actual decrease in the first part of May. An improvement in the price of American cotton stopped the decline in F.G.F. Sakellaridis and brought about a gradual rise to more satisfactory levels. This condition and the opposition of English public opinion in Egypt caused the government to retire from the market. As in the previous year, the stocks were sold on a rising market and the government realized a tidy profit.

In June 1925 the premium of F.G.F. Sakellaridis over American Fully Middling actually disappeared and the premium over Egyptian Uppers was reduced to a very narrow margin. The result of this anomalous situation was that it was more profitable for the Egyptian planter to raise Uppers than Sakellaridis as the former variety produces a considerably larger amount of fiber per unit of area. In view of this situation the government decided on August 1, 1925 to re-enter the market and purchase some 15,000 bales of Sakellaridis. The first actual purchases were made on August 10 but these were not continued regularly. Throughout the fall and winter purchases were made in dribbles, the total amount bought being variously estimated at from 6700 to 9400 bales of 478 pounds net. These stocks were liquidated during May and June 1926 and apparently had a somewhat weakening influence upon the market at that time. There are between twenty and thirty private firms in Alexandria, each of which annually ships more than 10,000 bales of cotton. The total exports of the 1925-26 season amounted to over 1,200,000 bales. One could hardly expect government purchases covering a period of nearly a year and amounting to less than 9500 bales to have much effect on a market handling 150 times that amount during that year. The premium of Egyptian Sakellaridis over American Middling at Liverpool increased rapidly as the result of the smaller planting of the former variety in 1926. It rose gradually to 93 per cent in November 1926 and jumped to 122 per cent in December, reaching its high point of 162 per cent in March 1927.

In the latter part of August and the early part of September 1926 there took place a rapid decline in the price of Egyptian cotton. From 47.5 cents per pound on August 22 the price dropped to 42.4 cents and 38.5 cents on September 19. On September 17 a parliamentary deputation proposed to the government intervention in both the spot and futures markets to

THE WORLD COTTON SITUATION, CONT'D

stabilize prices and help to maintain the margin over American cotton. Actual purchases by the government, however, were strictly limited to spots and did not begin until September 20. Before that date operators had again begun to buy under the stimulus of favorable crop news from both America and Egypt, a steadier market in America and the imminent intervention of the Egyptian government. Actual purchases speeded up the improvement. This factor, plus an increased foreign demand and reports of large crop damage from the interior created an exceedingly favorable situation.

In the first part of July 1925 the price of F.G.F. Sakellaridis at Alexandria again started downward. On July 1 it stood at 66.6 cents per pound, on October 1 it declined to 46.6 cents, and on October 29 to 39.4 cents. Throughout October there had been repeated rumors that the government was planning to intervene; on the 16th such rumor had caused a sharp but temporary rise in the market. By the first of November the government began actual buying but the price continued downward, dropping to 35.6 cents on October 26. Despite repeated urgings the administration refused to enter the futures market and its purchases of spots were so small as to be comparatively ineffectual. During November about 4000 bales were taken. These purchases were continued irregularly throughout the remainder of the year. On January 14 the government made an official statement to the effect that:

a/ "Considering the decline in price of Egyptian cotton, a decline which is menacing to become prejudicial to the interests of farmers, the Council of Ministers, after due examination of the actual situation, have decided:

1. To increase purchases at Minet el Bassal up to Cantars 500,000.
2. To maintain a reasonable parity between the price of Egyptian and American cotton, by fixing as buying basis for F.G.F. Sakellaridis a premium of 75% over the value of American cotton.

"The Government hope that, as a consequence of the circumstances resulting through commercial transactions, prices will reach a level giving satisfaction to producers.

"The Council of Ministers estimate that they will have accomplished their task as soon as the price of fully good fair Sakellaridis reaches \$36.00"

The Egyptian government seems to have studied to enter the market only when the price was so low that further decline was impossible and improvement fairly definitely in the offing. In every case following government intervention, except in 1925, there has been a certain rise in price; however, one should not conclude from this that such improvement was entirely a result of intervention, as in all cases there are, with the exception of the season of 1921, other good reasons for such improvements.

THE WORLD COTTON SITUATION, CONT'D

Measures affecting areas planted

During the period of high prices of the 1919-1920 season the government levied a tax on ginned cotton with the proceeds of which it purchased wheat and flour to be sold to the planters at below cost, in order that they might devote the land ordinarily planted in food crops to the raising of cotton. As a result of this the 1920-1921 crop covered the largest area on record. When the crash came in the latter part of 1920 this scheme had to be abandoned and orders for over 100,000 tons of wheat and flour were cancelled. In November, a special committee was established "for the examination of the cotton situation" for the purpose of studying the crisis and deciding upon some method of relief for the cotton planters. As one result of its deliberations a decree was issued on December 8, 1920. This decree in part provided that:

"Art. 1. (a) Cotton culture is entirely prohibited in Upper Egypt;

"(b) No owner or lessee may cultivate in cotton an area greater than the third of such property owned or leased

"3. Lands unsuited to a normal culture of cereals will, by authorization of the Ministry of Agriculture, be exempted from the application of Paragraph (b) of Article 1.

"6. Any infraction of the dispositions of the present decree will be punished by imprisonment not to exceed seven days or by a fine not to exceed P.T. 100 (about \$5.00) or both, and, circumstances meriting, by confiscation.....

"Independently of any penal prosecution, the agents of the Department of Agriculture shall, upon ascertainment of such infraction, proceed, at the expense of the person infracting, to the uprooting and destruction of all cotton culture undertaken in contravention of these dispositions..... "

The area in cotton which amounted to over 1,825,000 acres in 1920-1921 was reduced to less than 1,295,000 acres in the 1921-1922 season. This law followed the precedent of one applying to the 1915-1916 season which had effected an almost identical reduction. How serious a decline in price would have followed another enormous crop like that of 1920-1921 we can not be certain. Consul Lester Maynard expressed the opinion in an official report that the decreased acreage of this season had "resulted in the substantial increase in the price of long staple Egyptian cotton". F.G.F. Sakellariadis at Alexandria which had dropped to below 20 cents per pound in February and March 1921 and remained between 20 and 25 from that date until September 1, climbed to 43.5 cents on September 30, and remained steadily above 30 cents throughout most of the remainder of the 1921-22 season.

THE WORLD COTTON SITUATION, CONT'D

In September 1921 the government decided to extend this restriction to the agricultural years of 1922 and 1923. Only one important change was made in that the prohibition of cotton planting in Upper Egypt was repealed. In the enforcement of this law in 1922 the enforcing officers were somewhat less severe than they had been in the previous year and gave many licenses in so-called exceptional cases to plant half instead of one-third of the acreage. Restriction turned out to be a farce. The area planted to cotton in the 1922-23 season was the largest on record with the exception of the 1920-21 season, and in the next year it was almost equally large. The Egyptian Government has recently revived and reenacted this law with the intention of putting it into effect in the next three agricultural years. We have no evidence from past experience to enlighten us as to how effective we may expect this restriction to be.

Foreign production notes

Foreign production of cotton was greater last year than for any preceding year, but reports received so far indicate that total production in foreign countries this season will probably be somewhat below last season. A decrease in production is reported for Egypt where this year's crop is estimated at 1,407,000 bales of 478 pounds compared with 1,629,000 bales for last year. The quality and length of staple of Egypt's crop for this season are reported to be inferior to that of last year. Russia's yield is estimated at 703,000 bales compared with 737,000 bales for last season although a higher acreage is reported for Russia this season than for last. There has been an expansion of acreage in Russia from the low figure of 174,000 acres in 1922-23 to 1,720,000 acres this season, which exceeds the pre-war acreage. India's cotton area planted up to October first is estimated at 22,143,000 acres compared with 22,752,000 acres planted up to the same date last year, indicating a possible slight reduction in yield. These decreases are partly balanced by increases in Chosen and Mexico. No estimates of cotton area or production have been received for China and Brazil this season. See acreage and production figures on page 651.

Spain

The area in Spain for which permits to plant cotton were requested for the 1926-27 season amounted to 15,900 acres, according to Consul Henry at Barcelona, and after allowing for abandonment the acreage in cultivation is about 12,400 acres. About 81 per cent of the total Spanish cotton lands are located in the province of Seville.

The conditions for growth were very favorable on some plantations while on others there was considerable damage from various causes. Harvesting began in some sections in August, but general harvesting began about the middle of September. It is expected that about 5,000 bales of 478 pounds will be harvested this season. Production for the last three seasons was around 1,000 bales each crop year. The chief cotton growing area is in Andalusia in the neighborhood of Seville, and there is also some production in Castellon, Tarragona, Barcelona, and in the Balearic Islands.

THE WORLD COTTON SITUATION, CONT'D.

Union of South Africa

South African cotton production for 1925-26 is estimated at 33,200 bales of 478 pounds compared with 14,200 bales in 1924-25, according to the International Institute of Agriculture. The extraordinary interest shown in cotton in South Africa in recent years was largely due to the stimulus of good prices, and the general opinion is that the present low level of cotton prices will reduce acreage the coming season, according to the "Manchester Guardian Commercial".

One of the outstanding problems in South Africa is the difficulty of obtaining an adequate supply of pure seed. Hitherto many different varieties have been planted mostly of the American Upland type, but hybridization between one variety and another has taken place so often and the seed has become so mixed that now there is little difference between one variety and another. The Rustenburg Experimental Station has recently bred a limited amount of pure seed for distribution.

French North Africa

Although the 1925 cotton crop in Algeria, Tunis and Morocco was not very successful owing to unfavorable weather, active efforts are being maintained to increase the cotton area, according to the "Manchester Guardian Commercial". The Government has forbidden the importation of seeds, bolls, and ginned cotton in order to safeguard the Moroccan crop from pests and diseases. An effort is being made to irrigate about 30,000 acres of new land for cotton growing in Algiers and Oran on both banks of the River Cheliff, where the most productive cotton fields in Algeria are located.

Uganda

Uganda is one of the most important of the new and expanding cotton growing countries. For the present season 596,000 acres have been planted to cotton compared with 617,000 acres during the 1925-26 season, 584,000 for 1924-25 and 58,000 acres for the 1903-10 to 1913-14 average. The crop amounted to 146,000 bales for the 1924-25 season.

Rapid expansion of cotton acreage in Uganda has developed many problems such as transportation, labor shortage and seed improvement problems. According to Mr. W. H. Himbury's report to the British Cotton Growing Association on his return from a recent trip thru African cotton growing countries, Uganda is handling these problems, remarkably well. Use of motor transport has increased very rapidly in Uganda and Mr. Himbury reports that the roads are the best he has seen in any of the British tropical possessions. Railroad

THE WORLD COTTON SITUATION, CONT'D

transportation is not adequate at the present time and there are plans for extension. Scarcity of labor is a serious problem but Mr. Himbury believes that there is a great wastage of labor owing to the fact that it appears to be cheap. Experiments have been made on government seed farms and new cotton varieties which are adapted to local conditions are being developed.

There has been a good deal of discussion about the effect that fall in prices would have on production of cotton in Uganda. Mr. Himbury states that cotton at 12 cents pays the native as well as anything else he can grow and he believes that low prices are not likely to have a seriously adverse effect.

Porto Rico

Cotton growing in Porto Rico is of particular interest because Sea Island is the variety of cotton cultivated. Up to 1923 the cotton area of Porto Rico was confined to a strip of land about three miles wide from the west of Arecibo to Aguadilla on the north, and to the Calo Rojo-Lajas district on the west according to the Porto Rican Commissioner of Agriculture and Labor.

Experiments in growing cotton in the 1924-25 season at Juana Diaz, Guauanilla and Uauco were unexpectedly successful in yields and financial returns and gave an impetus to cotton growing in the island. From 6,000 acres planted in 1924-25 the area was expanded to 10,000 acres for the present season. All of the cotton grown in Porto Rico is ginned in San Juan and exported to the United States.

THE 1926 FLAX SEED AND FIBER CAMPAIGN OF RUSSIA

Contradictory reports of the 1926 flax crop come from Russia but the agreement seems to be on a decrease in acreage according to the Riga Times. The decrease is probably due to dissatisfaction on the part of the Russian growers with prices received for last year's flax. This is borne out by reports from the Economic Life which on September 29 states that the crop this year is expected to be lower than that of last year by approximately 5 per cent (not stated whether this reduction refers to seed or fiber) while a reduction of approximately 10 per cent is observed in the area under the crop. Reports from separate districts also point to reductions. The Economic Life of September 26 reports that as a consequence of low prices for flax fiber which prevailed during the last campaign the area sown in the district of Ivanovo Voznesensk was reduced from 60,662 acres in 1925 to 47,320 acres in 1926, a reduction of 22 per cent, while in some regions, such as the Tuchesko-Urievski, the reduction reached 32 per cent. The regions mentioned are not in the major flax producing area, however. (Continued on page 652.)

THE WORLD COTTON SITUATION, CONT'D

COTTON: Acreage of countries reporting for 1926-27, with comparisons

Country	Average : 1909-10 to : : 1915-14 :	1924-25	1925-26	1926-27	Per cent : 1926-27 is : of 1925-26
	: 1,000 acres:	1,000 acres:	1,000 acres:	1,000 acres:	Per cent
United States.....	54,153	41,560	46,053	47,207	102.5
India <u>a/</u>	13,569	21,785	22,752	23,145	97.5
Egypt.....	1,743	1,854	1,998	1,854	92.8
Russia	1,490	1,288	1,592	1,720	108.7
Chosen	146	422	480	523	107.5
Turkey.....		393	563	621	110.5
Uganda	58	534	617	586	95.0
Bulgaria..... <u>b/</u>	3	6	8	8	100.0
Morocco.....	<u>b/</u>	2	3	1	30.0
Italy	9	9	9	9	100.0
Porto Rico.....		6	7	10	142.9
Algeria		5	15	15	100.0
Total above regions..		67,657	74,091	74,696	100.3
Estimated world total:					
excluding China <u>c/</u> ..	62,500	73,000	83,000		

a/ Includes only area planted up to October 1. b/ Interpolated. c/ Chinese Mill Owner's Association estimate of China's cotton area for 1924-25 was 4,246,000 acres.

COTTON: Production of countries reporting for 1926-27, with comparisons
(In Bales of 478 pounds net)

Country	Average : 1909-10 to : : 1915-14 :	1924-25	1925-26	1926-27	Per cent : 1926-27 is : of 1925-26
	: 1,000 bales:	1,000 bales:	1,000 bales:	1,000 bales:	Per cent
United States.....	13,030	13,623	16,104	17,918	111.8
Egypt.....	1,453	1,507	1,629	1,417	87.0
Russia	953	453	737	703	95.4
Chosen.....	17	121	135	154	123.2
Mexico.....	193	298	202	<u>a/</u> 363	181.2
Bulgaria.....	1	5	2	3	150.0
Algeria	<u>b/</u>	4	6	6	100.0
Cuba.....	<u>a/</u>	11	<u>a/</u> 6	<u>c/</u> 6	100.0
Total above regions :		13,025	16,311	20,573	109.4
Estimated world					
total.....	20,900	24,600	27,900		

a/ Unofficial. b/ Interpolated.

Official sources and International Institute of Agriculture, except as otherwise stated.

THE 1926 FLAX SEED AND FIBER CAMPAIGN OF RUSSIA, CONT'D

As distinguished from last year's campaign the present flaxseed season is late due to unfavorable weather conditions and flax is slow in arriving at the markets according to the Economic Life of September 29. Last year arrivals of flaxseed during August and September amounted to 30 per cent of the total commercial crop. This year, total collections during the same period will hardly amount to 10 to 12 per cent state "Economic Life".

In Smolensk, an important flax producing region, conditions are reported as unsatisfactory in Economic Life of September 28. Due to a great shortage of grain and the high price of grain as compared with flax prices, flax seed is not appearing on the markets in the customary quantities. Since the purchasing power of flax seed in terms of grain and manufactured products is so low it is being held back. At the end of September 1925 the state procuring organs and cooperatives had purchased about 645,000 bushels of seed while this season, up to September 20, total purchases did not exceed 194,000 bushels. The region of Smolensk still possesses a surplus of flaxseed of not less than 1,300,000 bushels which is not being brought forward to the markets as prices are causing much dissatisfaction.

CEREAL CROPS: Acreage, average 1909-13, annual 1924-1926

Crop and Country	: Average :	: 1924 :	: 1925 :	: 1926 :	: Per cent
	: 1909-13 :				: 1926 is
					: of 1925
<u>ACREAGE</u>	: 1,000 :	: 1,000 :	: 1,000 :	: 1,000 :	: Per cent
<u>WHEAT</u>	: acres :	: acres :	: acres :	: acres :	
Total Northern Hemisphere (30) ..	: 165,473:	: 179,665:	: 182,363:	: 187,554:	: 102.8
Total Southern Hemisphere report-					
ing (3)	: 24,657:	: 30,039:	: 30,990:	: 31,777:	: 102.5
Total, 33 countries	: 190,130:	: 209,704:	: 213,353:	: 219,322:	: 102.8
Estimated world total excluding					
Russia and China	: 202,800:	: 220,600:	: 224,900:		
<u>RYE</u>					
Total Northern Hemisphere (22) ..	: 46,441:	: 41,107:	: 45,956:	: 42,613:	: 97.6
Total Southern Hemisphere (2) ...	: 90:	: 329:	: 502:	: 546:	: 108.8
Total, 24 countries	: 46,531:	: 41,496:	: 44,458:	: 43,459:	: 97.8
Estimated world total excluding					
Russia and China	: 48,000:	: 42,900:	: 46,000:		
<u>BARLEY</u>					
Total Northern Hemisphere (28) ..	: 45,150:	: 45,433:	: 48,140:	: 48,176:	: 100.1
Chile	: 111:	: 162:	: 126:	: 143:	: 113.5
Argentina	: 230:	: 781:	: 900:	: 979:	: 108.8
Total Southern Hemisphere (2) ...	: 341:	: 943:	: 1,026:	: 1,122:	: 109.4
Total 30 countries	: 45,491:	: 46,376:	: 49,166:	: 49,298:	: 100.3
Estimated world total excluding					
Russia and China	: 59,800:	: 58,800:	: 61,600:		

CEREAL CROPS: Production, average 1909-13, annual 1924-1926

Crop and Country	Average 1909-13	1924	1925	1926	Per cent 1926 is of 1925
<u>PRODUCTION</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>Per cent</u>
<u>WHEAT</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	
Total North American reporting (2)	887,227	1,124,724	1,077,361	1,252,826	114.9
Total Europe reporting (23).....	1,337,418	1,048,877	1,385,461	1,251,938	90.4
Total North Africa (4).....	92,047	85,183	104,558	90,117	86.3
Other countries (3).....	383,827	396,335	371,047	333,172	97.9
Total, 32 countries	2,700,519	2,655,119	2,938,927	2,944,113	100.2
Estimated world total excluding Russia and China	3,006,000	3,101,000	3,336,000		
<u>RYE</u>					
Total North America reporting (2)	38,187	77,739	62,501	55,127	83.5
Total Europe reporting (22).....	948,476	654,554	918,634	783,298	85.5
Total, 24 countries	986,663	712,353	980,935	838,425	85.5
Estimated world total excluding Russia and China.....	1,033,000	743,000	1,019,000		
<u>BARLEY</u>					
Total North America reporting (2)	230,087	267,139	330,165	308,863	93.5
Total Europe reporting (23).....	653,464	524,022	639,670	651,951	101.9
Total North Africa, 4 countries.....	103,667	85,264	103,570	67,793	65.5
Other countries (2).....	121,774	115,378	131,834	112,939	85.7
Total, 31 countries.....	1,108,992	991,793	1,205,239	1,141,606	
Estimated world total excluding Russia and China	1,326,000	1,207,000	1,419,000		
<u>OATS</u>					
Total North America reporting (2)	1,495,097	1,938,641	2,025,272	1,741,672	86.0
Total Europe reporting (22).....	1,382,237	1,152,332	1,284,375	1,395,210	108.3
Total North Africa (3).....	17,651	11,810	19,489	11,678	59.9
Total, 27 countries	2,894,965	3,092,783	3,329,136	3,148,560	94.6
Estimated world total excluding Russia and China	3,555,000	3,683,000	3,974,000		
<u>CORN</u>					
Total North America reporting (2)	2,729,661	2,324,743	2,915,617	2,689,171	92.2
Total Europe reporting (5).....	198,277	217,486	238,329	243,719	102.3
Total North Africa (2) a/	3,728	4,134	3,964	3,764	95.0
Total, 9 countries	2,931,666	2,546,363	3,157,910	2,936,654	93.0
Estimated world total excluding Russia and China	4,045,000	3,721,000	4,361,000		

a/ Egypt 76,846,000 bushels in 1926, no estimate for 1925, 67,572,000 bushels in 1924 and 64,273,000 bushels for 1909-13, average not included.

GRAINS: Exports from the United States, July 1-October 30, 1925 and 1926
 PORK: Exports from the United States, Jan. 1-October 30, 1925 and 1926

Commodity	July 1-Oct. 30		Week ending			
	1925	1926 a/	Oct. 9 1926	Oct. 16 1926	Oct. 23 1926	Oct. 30 1926
GRAINS:	1,000	1,000	1,000	1,000	1,000	1,000
	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>
Wheat b/ ..	28,284	91,174	4,998	3,996	4,193	3,300
Wheat flour c/d/ ..	15,975	15,064	1,560	1,048	1,579	423
Rye	5,913	5,218	191	139	11	95
Corn	3,611	4,061	143	121	143	342
Oats	19,166	2,029	16	1	3	3
Barley	19,403	7,638	505	396	541	207
	Jan. 1 - Oct. 31 1925	Jan. 1 - Oct. 30 1926 a/				
PORK:	1,000	1,000	1,000	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Hams & shoulders, inc.						
Wiltshire sides....	222,850	159,952	1,462	1,310	960	1,701
Bacon, including						
Cumberland sides...	171,880	145,489	3,750	3,800	2,507	2,447
Lard.....	578,413	596,537	12,691	8,920	12,791	6,696
Pickled pork.....	22,738	24,595	425	356	624	493

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

a/ Revised to September 30, including exports from all ports. b/ Including flour via Pacific ports, this week. c/ Includes flour milled in bond from Canadian wheat. d/ In terms of bushels of wheat.

CANADA: Number of livestock in Province of Ontario June 15, 1924-26

Livestock	1924	1925	1926	Per cent of total number in Canada in 1925
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Per cent</u>
Cattle, total	2,917,302	2,809,373	2,757,799	30.2
Cows, mainly for milk	1,203,527	1,232,679	1,280,436	
Yearlings, mainly for milk	271,755	264,104	262,935	
Calves under 1 year	592,408	575,466	569,645	
Sheep, total	370,279	368,526	386,483	31.5
Breeding ewes.....	a/ 440,380	406,894	408,077	
Swine	1,807,903	1,678,595	1,735,355	37.9
Brood sows	199,860	190,210	199,637	
Horses	663,875	644,138	629,659	18.1

Director of Statistics and Publication Toronto, October 22, 1926.

a/ Also includes other sheep 1 year and over.

BUTTER: Prices in London, Copenhagen and New York
(By weekly cable)

Market and Item	October 28, 1926	November 4, 1926	November 6, 1925
	Cents per lb	Cents per lb	Cents per lb
New York, 92 score	47.50	48.50	50.00
Montreal No. 1, pasteurized ..	33.62	34.12	a/
Copenhagen, official quotation	37.13	36.41	44.76
Berlin, 1a quality	37.38	37.38	a/
London: b/			
Danish	39.32	38.89	47.18
Dutch, unsalted	36.28	37.15	45.23
Irish	32.37	30.85	44.80
New Zealand	31.72	32.04	45.44
New Zealand, unsalted	36.93	36.50	45.67
Australian	31.07	31.50	43.72
Australian, unsalted	36.28	36.50	43.72
Argentine, unsalted	31.07	30.42	36.52
Siberian	27.37	28.24	37.87

Quotations converted at exchange of the day. a/ Not received at that time.
b/ Quotations of following day.

EUROPEAN LIVESTOCK AND MEAT MARKETS
(By weekly cable)

Market and Item	Unit	Week ending		
		Oct. 27, 1926	Nov. 3, 1926	Nov. 4, 1925
<u>GERMANY:</u>				
Receipts of hogs, 14 markets .	Number	51,536	57,537	50,942
Prices of hogs, Berlin	\$ per 100 lbs.	16.15	16.64	19.72
Prices of lard, tcs. Hamburg .	"	16.39	15.90	18.29
<u>UNITED KINGDOM AND IRELAND:</u>				
Hogs, certain markets, England	Number	12,005	12,368	11,922
Hogs, purchases, Ireland	"	23,648		
Prices at Liverpool:				
American Wiltshires	\$ per 100 lbs.	20.94	a/	22.95
Canadian "	"	21.51	23.00	25.30
Danish "	"	24.77	25.64	26.18

a/ No quotations.

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